

119330



ORDER 2000-12-19

**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 21<sup>st</sup> day December, 2000

INTRA-ALASKA BUSH AND  MAINLINE SERVICE MAIL RATES
--

Served: December 27, 2000

Dockets OST-95-405 - 80  
&  
OST-95-429 - 127

**ORDER UPDATING QUARTERLY FUEL COSTS**

**Summary**

By this order the Department is increasing the linehaul portion of the Intra-Alaska bush mail rates by 2.83% from the current rate and of the mainline by 3.78%, effective January 1, 2001, to reflect recent changes in fuel expenses, consistent with the methodologies established in Orders 99-12-15 and 2000-5-30.

**Background**

By Order 2000-11-9 the Department established final mail rates for carriage of mainline mail for the period beginning October 1, 2000, through September 30, 2001, but provided for the quarterly update for changes in fuel costs. As more fully discussed in Order 99-12-15, December 17, 1999, the Department agreed to apply quarterly fuel cost updates to the mainline rates in view of the spike in fuel prices. Order 2000-11-9 updated mainline linehaul rates for changes in fuel costs, as well as non-fuel and terminal costs.

By Order 2000-4-1 the Department established final mail rates for the carriage of bush mail for the period beginning April 13, 2000, through March 31, 2001. Order 2000-5-30 instituted quarterly updates for changes in fuel costs for bush mail, consistent with the procedures already begun for the mainline mail. Most recently, by Order 2000-9-19 the Department updated bush linehaul rates for changes in fuel costs based on reported fuel costs for the quarter ended June 30, 2000, effective October 1 through December 31, 2000. We are now updating the bush linehaul based on fuel costs for the quarter ended September 30, 2000, to become effective January 1, 2001.

The Department has stated that we would continue this quarterly update of fuel until further Department action. Since the carriers' traffic and financial data are to be reported 45 days after the end of the accounting period, we will continue to make quarterly adjustments with a one-quarter lag between the availability of the data and the effective date of the rate, but will not make any changes to non-fuel costs.

For the bush carriers, the data in Appendix F show that fuel costs for the bush have increased to \$88.80 per block hour from the \$76.69 rate in Order 2000-9-19. This produces a 2.86% increase in the overall bush linehaul mail rate as shown in Appendix D. For the mainline carriers, the data in Appendix C show that fuel costs for the mainline have increased to \$.225914 per ATM from the \$.201738 rate in Order 2000-11-9. This produces a 3.78% increase in the overall mainline linehaul mail rate as shown in Appendix A.<sup>1</sup>

The terminal portion of the mail rate is unaffected by our update of the linehaul for fuel costs for the bush or the mainline. The next adjustment for fuel costs for mainline and bush carriers would be based on data for the quarter ended December 31, 2000, and would be effective for the quarter April 1, 2001, through June 30, 2001.

ACCORDINGLY,

1. We fix, determine, and publish the proposed final rate specified in Appendix A, to be effective for the period beginning January 1, 2001, until further Department action;
2. This docket shall remain open until further order of the Department; and
3. We will serve this order upon all parties on the Service List for this Docket.

By:

Francisco J. Sanchez  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at  
[http://dms.dot.gov/reports/reports\\_aviation.asp](http://dms.dot.gov/reports/reports_aviation.asp)

---

<sup>1</sup> The fuel update methodology continues the weighting of linehaul costs by amount of mail carried, as determined in Order 2000-11-9.

# INTRA-ALASKA MAINLINE CLASS SERVICE MAIL RATES

Effective: January 1, 2001, through March 31, 2001

(1)	(2)	(3)	(4)	(5)
Base Year Rates <u>1/</u>	Adjustment Factors <u>2/</u>	New Rate <u>3/</u>	Prior Rate Order <u>2000-11-9</u>	Change from Prior Rate

## Linehaul Charge per Billing Ton-Mile

Priority	\$1.1969	65.87%	\$1.9853	\$1.9129	3.78%
Non-priority	\$1.7246	65.87%	\$1.2019	\$1.1581	3.78%

1/ Per Order 82-11-23

2/ See Appendix B to this order.

3/ Column (1) increased by column (2).

## INTRA-ALASKA CLASS SERVICE MAIL RATES COST ADJUSTMENT FACTORS

Unit Cost per Available Ton-Mile Fuel	Base Year		2nd Quarter		3rd Quarter	
	Ended 9/30/80		Unit Costs		Unit Costs	
Nonfuel			\$ .201738 1/		\$ .225914 2/	
			\$ .436691 1/		\$ .436691 1/	
Total	\$ .399469		\$ .638429		\$ .662605	
Percentage Change from Base Year			59.82 %		65.87 % 3/	

---

 1/ Per Order 2000-11-9, Appendix B.

2/ Appendix C to this order.

3/ \$.662605//\$.399469

Appendix Mainline-Fuel-3

Intra-Alaska Class Service Mail Rates--Quarter Ended September 30, 2000  
Aircraft Operating Expenses in Scheduled Service

	Alaska Airlines (AS)			Northern Air Cargo (NAC)			Lynden (LAC)	Grand Total
	#621 B-737-2C	#617 737-400	#655 MD-80	#711 B-727	#216 DC-6	#556 Hercules		
LINEHAUL COSTS								
Domestic Fuel, Linehaul 1/	\$5,898,990	\$30,780,874	\$27,544,700	\$1,187,589	\$1,814,057		\$822,117	
Intra-Alaska Skd. Block Hours	4,832	2,833	424	560	1,956		473	
Domestic Total 1/	6,258	39,001	30,409	572	2,213		978	
Intra-Alaska Fuel Linehaul Expense	\$4,554,797	\$2,235,897	\$384,062	\$1,162,675	\$1,603,387		\$397,609	\$10,338,427
Intra-Alaska Skd. Available Ton-Miles	23,183,967	14,163,083	2,008,279	3,829,486	4,978,927		2,876,964	51,040,706
Unit Cost per ATM, Fuel	\$ .196463	\$ .157868	\$ .191239	\$ .303611	\$ .322035		\$ .138204	\$ .202553
As-flown, Intra-Alaska RTMs of Mail	1,648,182	295,312	60,830	727,139	1,079,207		1,020,374	4,831,044
RTM Percent of Total	34.12%	6.11%	1.26%	15.05%	22.34%		21.12%	100.00%
Wtd. Cost per ATM, Fuel	\$0.067033	\$0.009646	\$0.002410	\$0.045693	\$0.071943		\$0.029189	\$0.225914

1/ ACE and NAC had no international operations; Alaska Airlines separately reported its international operations.

INTRA ALASKA BUSH SERVICE MAIL RATES

Prior Order: 2000-9-19

Effective: January 1, 2001, through March 31, 2001

Linehaul Charge per Billing Ton-Mile	Base Year	Adjustment	Final Rate	Order 2000-9-19	Percentage
	Rates 1	Factors 2	3	Preceding Rate 4	Increase 5
	\$5.9525	66.58%	\$9.9157	\$9.6401	2.86%

Sources:

Column 1. Appendix E, Order 90-10-34.

Column 2. Appendix B to this order.

Column 3. Column 1 increased by column 2.

INTRA-ALASKA BUSH SERVICE MAIL RATES  
Quarterly Adjustment Factors

Base Year Ended 9/30/80	2nd Quarter Historical Unit Costs	3rd Quarter Historical Unit Costs
Unit Cost per Hour		
Fuel	\$76.69 2/	\$88.80 3/
Nonfuel	\$346.93 2/	\$346.93 2/
Tot	\$423.62	\$435.73
Percentage Change from Base Year	61.95%	66.58%

1/ Per Order 90-10-34, Appendix B.  
2/ Order 2000-9-19, Appendix B.  
3/ Appendix F to this order.

**INTRA-ALASKA BUSH SERVICE MAIL RATES**  
**Summary of Carriers' Fuel Portion of Linehaul Expenses**

	Fuel Expense	Block Hours	Unit Costs
	QE	QE	QE
	09/30/1999	09/30/1999	09/30/1999
1. A. Island Air	\$207,532	2,666	\$77.84
2. Arctic Circle	\$227,483	2,477	\$91.84
3. Arctic Tpt.	\$69,887	1,224	\$57.10
4. Baker	\$483,717	3,725	\$129.86
5. Bering	\$63,367	1,559	\$40.65
6. Camai	\$486,372	4,446	\$109.40
7. C. Smythe	\$455,214	3,502	\$129.99
8. ERA-Bush 1/	\$732,425	6,478	\$113.06
9. Frontier	\$416,744	5,059	\$82.38
10. Grant	\$567,905	6,672	\$85.12
11. Hageland	\$0	0	\$0
12. Ketchikan	\$189,187	2,844	\$66.52
13. Larrys	\$0	0	\$0
14. MarkAir	\$1,270,727	12,305	\$103.27
15. Peninsula	\$123,782	2,195	\$56.39
16. Tanana	\$0	0	\$0
17. Taquan 2/	\$0	0	\$0
18. Temsco	\$320,149	4,094	\$78.20
19. Warbelows	\$248,881	4,816	\$51.68
20. Wings	\$205,409	4,039	\$50.86
21. Wright	\$200,880	2,505	\$80.19
22. Yute	\$6,269,661	70,606	\$88.80
Total Fuel Expense			

1/ Includes expenses reported for Twin Otters only.

2/ Taquan is no longer a 401 carrier.